Enhancing the quality of Australia's international trade statistics

This paper outlines planned changes to the suite of Australia's international trade statistics and areas for enhancement.

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Executive summary

From January 2022 reference month, The Australian Bureau of Statistics (ABS) will suspend the production and release of monthly international trade in services statistics, in order to focus on enhancing the quality and range of quarterly international trade in services statistics.

The COVID-19 pandemic has had a substantial impact on the quality and availability of key source data used in the compilation of international trade in services statistics. To ensure data is representative and robust, the ABS will be enhancing the production of existing data, exploring new high-quality source data, and reviewing and enhancing existing surveys, methods, processes and systems.

In addition, the ABS will take the opportunity to review the content and timing of the monthly international merchandise trade statistics to ensure that this continues to meet contemporary user needs.

This paper provides, for information only, a summary of the planned and proposed changes to the suite of Australia's international trade statistics. To have your say on how the ABS can enhance international trade in services statistics; and on the content and timing of the monthly merchandise trade statistics see '2021 Enhancing the quality of Australia's international trade statistics (https://consult.abs.gov.au/macroeconomic-statistics/2021-enhancing-australias-international-trade-stat) ' on the ABS consultation hub.

Background

The Australian Bureau of Statistics (ABS) produces a broad range of statistics on Australia's economic interactions with the rest of the world. ABS International Trade statistics measures the value of both goods and services imported and exported to and from Australia. These statistics provide insights into the effects of trade policy; the efficacy of business support programs and initiatives; are a critical input into the Balance of Payments[1] and Gross Domestic Product[2]; and are used to build a picture of the global trading environment and the global economy.

Australia has a long history of being predominantly a supplier of goods (international merchandise trade), however, in more recent decades international trade in services have grown in value to now play a substantial and important part of the Australian economy (see figure 1 & 2 below). This increase in services has been facilitated by the rise of globalisation, with increases in activities of multi-national enterprises and improving technologies that support work across traditional country borders and allow traders to connect virtually.

As the value of and emphasis on Australia's trade in services has increased, so has the demand for more information. In April 2021 the Government launched Australia's Service Export Action Plan (SEAP), which aims to capitalise on the potential for further growth in the services sector. The plan presents five macro-level outcomes that capture long-term goals identified by Australia's services industries. The fifth of these outcomes: information-driven policies and business strategies recognises the need for robust international trade in services statistics to inform this objective.

International trade in services are however, complex to measure due to their intangible and heterogenous nature and the breadth of topics to be captured. Constructing Australia's international services outputs requires many (more than 20) data sources and a series of statistical models (see Appendix A for more information on how international trade in services statistics are compiled).

Recently, large economic shocks (both domestically and globally) resulting from the COVID-19 pandemic have significantly changed the nature of international trade in services. They also resulted in the loss of key input data sources and the erosion of quality. This has made it difficult to maintain the existing quality for monthly ABS services statistics.

To meet the increasing demand for robust and representative services statistics the ABS will be undertaking a program of work to enhance services statistics. To do this, the ABS will suspend the release of monthly international trade in services statistics, to support a greater focus on quarterly services statistics (which are critical to the Balance of Payments and National Accounts), and will build on the range of services statistics available. The ABS will also take the opportunity to review the timeliness and content of the monthly merchandise trade statistics, to ensure these are continuing to meet contemporary needs.

The remainder of this paper outlines the changes in more detail and describes where and how you can have your say on how the ABS enhances international trade statistics.

Figure 1: Imports of Australia's top goods and services

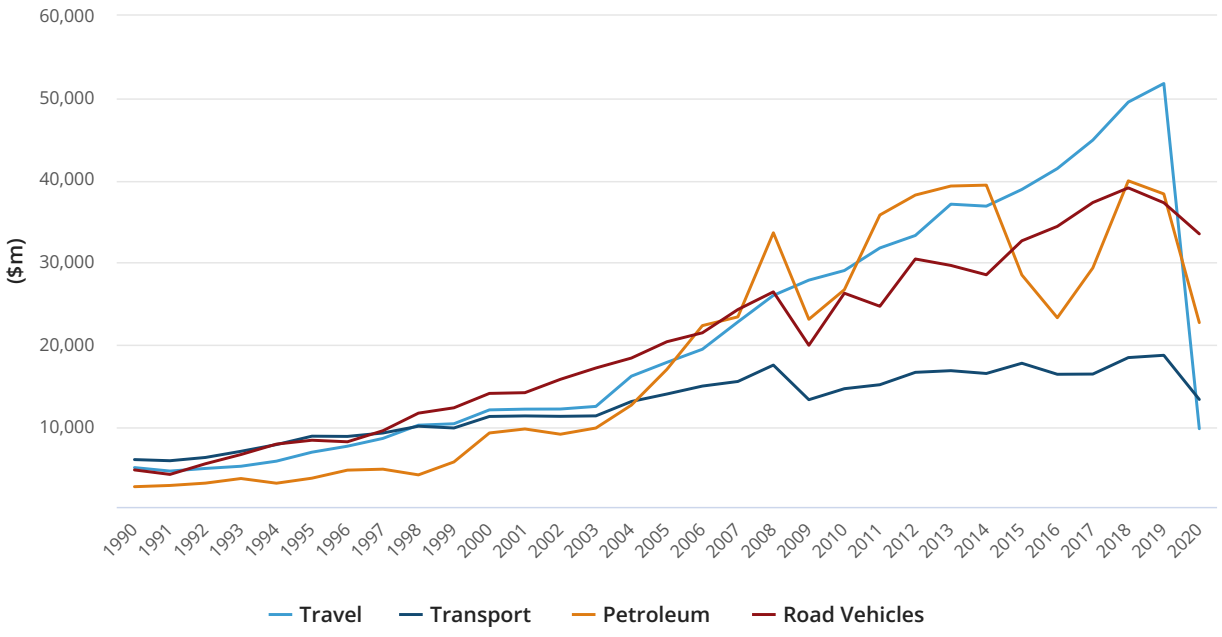
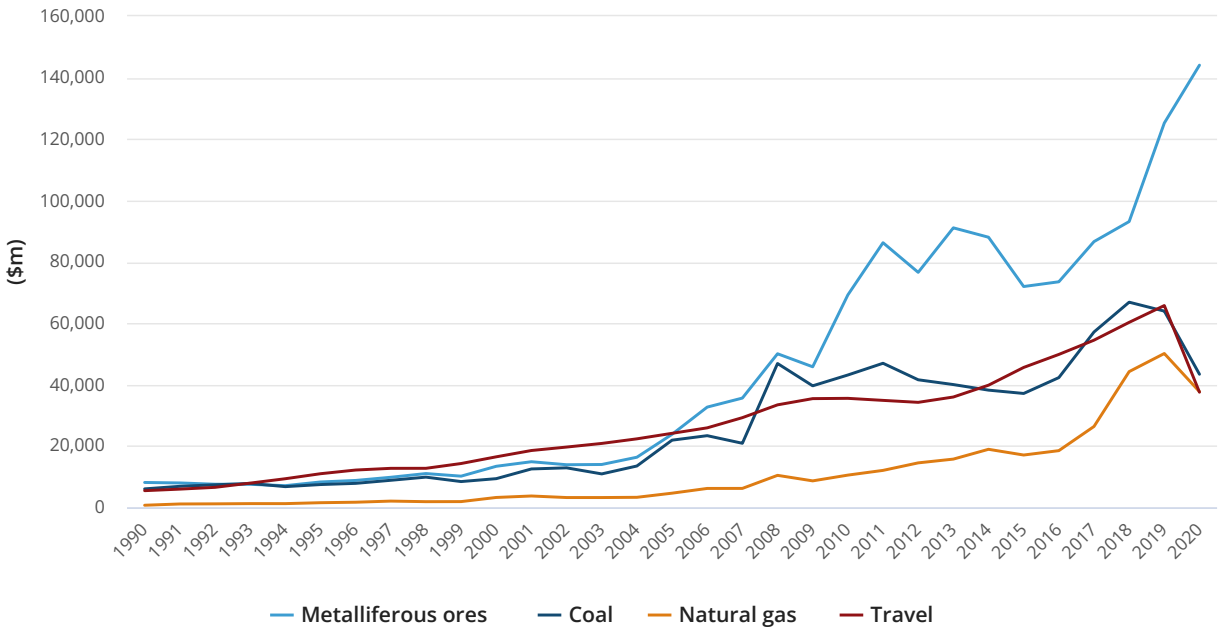


Figure 2: Exports of Australia's top goods and services



Footnotes

1. Balance of Payments and International Investment Position, Australia methodology (https://www.abs.gov.au/methodologies/balance-payments-and-international-investment-position-australia-methodology/jun-2021#explanatory-notes) . See section titled Balance of payments.

2. Australian System of National Accounts methodology (https://www.abs.gov.au/methodologies/australian-system-national-accounts-methodology/2019-20#explanatory-notes) . See section titled Gross Domestic Product (GDP).

Suspending monthly international trade in services statistics

From January 2022 reference month, the ABS will suspend the release of monthly international trade in services statistics.

International trade in services statistics will be released quarterly in the Balance of Payments and International Investment Position (BOPIIP) publication[3]. This change will take effect from the start of 2022 with the first quarter, March 2022, released in June 2022.

The ABS periodically review outputs and in line with this, we will continue to review the suite of services statistics currently released, including annual statistics and customised outputs. If any changes arise from these reviews the ABS will consult early with users.

See Appendix B for a list of current and the proposed trade publications effective from January 2022.

Enhancing the quality and range of international trade in services statistics

The ABS' primary objective is to produce high-quality statistics that inform important decisions made by governments, business and the wider community. Suspending monthly international trade in services statistics will assist the ABS to undertake a series of projects with the aim of enhancing the quality and range of international trade in services statistics in line with user's needs.

The ABS has a series of high priority projects already underway. These projects will enhance accuracy and minimise revisions to the quarterly international trade in services statistics.

- Align the Survey of International Trade in Services (SITS) with the reference period. Currently the ABS utilises statistical models to produce components of the quarterly services statistics that are published prior to the SITS survey data being finalised. This project will align the survey data with the release of the quarterly services statistics substantially reducing revisions and bring SITS in line with other ABS business surveys.
- Partner with data custodian agencies, to enhance source data used in the compilation of international trade in services statistics.
- Streamline the ABS Survey of International Trade in Services through a series of improvements ranging from questionnaire and format improvements to improving identification of new services businesses.

In addition to the projects listed above, the ABS is seeking feedback on other priority areas for enhancing international trade in services statistics, with a particular focus on enhancing timeliness, and the range and availability of detailed international trade in services statistics. Below is an outline of some possible projects to be delivered in the medium term, but for more information and to have your say, go to the ABS consultation hub, and see '2021 Enhancing the quality of international trade statistics (https://consult.abs.gov.au/macroeconomic-statistics/2021-enhancing-australias-international-trade-stat) '.

- More frequent detailed services statistics. Currently, detailed services statistics including services by partner country and by state are available twice per year. These publications are funded by the Department of Foreign Affairs and Trade. This project will look to review existing processes, and systems and explore the use of new and

more frequent source data to enable the production and release of detailed statistics (i.e. services by country and services by state) on a quarterly basis as part of ABS' suite of trade statistics.

- Statistics on characteristics of service traders. Explore opportunities for producing a consistent, coherent, and regular release of information regarding the characteristics of businesses trading in services.
- Monthly indicator statistics. The availability of timely source data does not currently allow the ABS to produce and release robust and representative monthly international trade in services statistics. The ABS will partner with data custodians to explore new data sources and methods for producing monthly indicator series for the most significant services, for example travel and transport services.

The ABS will partner with other agencies and organisations where needed to deliver these outcomes.

The ABS are also working with partners in Government to understand how we can best support outcomes from the Service Export Action Plan, some of which are covered by the projects outlined above.

Footnotes

3. Balance of Payments and International Investment Position, Australia (https://www.abs.gov.au/statistics/economy/international-trade/balance-payments-and-international-investment-position-australia/latest-release#key-statistics) . See Future Releases.

Review of monthly international merchandise trade statistics

The ABS is replacing the monthly International Trade in Goods and Services publication (former cat. no. 5368.0) with a monthly international merchandise trade publication from the January 2022 reference month.

To ensure the monthly international merchandise trade statistics are meeting user needs, the ABS is proposing 2 options and is taking the opportunity to review and seek feedback on the publication content and timing of this release.

Option 1

Monthly international merchandise trade, released approximately 3-3.5 weeks after the end of the reference month. This would include merchandise trade statistics by Standard International Trade Classification (SITC[4]) 1, 2 & 3 digit, country, state, and various cross classifications of those items listed, on an original basis only.

Option 2

Monthly international merchandise trade, released approximately 4-4.5 weeks after the end of the reference month. This would include merchandise trade statistics by SITC 1, 2 & 3 digit, country, state, and various cross classifications of those items listed on an original basis and include seasonally adjusted data and additional analysis.

Appendix B outlines the current publication schedule for international trade and the proposed changes to the publication schedule.

For more information on the content and timing options, and to have your say, please go to '2021 Enhancing the quality of international trade statistics (https://consult.abs.gov.au/macroeconomic-statistics/2021-enhancing-australias-international-trade-stat) ' on the ABS consultation hub.

Footnotes

4. International Merchandise Trade, Australia: Concepts, Sources, Methods (https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/5489.0Main%20Features12018?opendocument&tabname=Summary&prodno=5489.0&issue=2018&num=&view=) . See section titled Classifications.

Appendix A: How international trade in services statistics are compiled

International trade in services are complex to measure due to their intangible and heterogenous nature, and the breadth of services measured.

The ABS models monthly international trade in services statistics from a combination of quarterly ABS Survey of International Trade in Services (SITS) and over 20 different alternative data sources.

Most available source data are received at different frequencies, predominantly quarterly. The remaining data are monthly, annual and bi-annual, and are lagged from the reference period. This requires international trade in services statistics to be nowcast (projected using historical data). Nowcasts may be in place for several months, before actual input data are received. Once actual data are received, published statistics are revised.

For example, for travel services, the measurement concept is simply the number of travellers multiplied by their spend (while overseas). Despite this straightforward concept, a number of data sources are used to contribute to travel service statistics. Each dataset has its own reference period(s), scope, revisions, quality and context. Statistical models are required to interpolate, nowcast, concord, and combine these discrete input data to compile statistics.

Table 1 below provides information on the main data sources used to compile international trade in services statistics, the frequency with which they are received and the lag between publishing the statistics and receiving input data.

Table 1. International trade in services, source data and frequency

Service and input type	Main Data Sources	Frequency of Input Data	Lag to Statistical Reference Period
Manufacturing services	ABS: International Trade in Goods	Monthly	1 Month
Maintenance and repair n.i.e.	ABS: International Trade in Goods	Monthly	Up to 1 Month
Transport	ABS: Survey of International Trade in Service	Quarterly	1 Quarter
	ABS: International Trade in Goods	Monthly	1 Month
	ABS: Overseas Arrivals and Departures	Monthly	1 Month
	Tourism Research Australia: International and National Visitor Survey	Quarterly	1 Quarter
	BITRE: Airline data	Quarterly	1 Quarter
Travel	ABS: Overseas Arrivals and Departures (Home Affairs passenger card data)	Monthly	1 Month
	Tourism Research Australia: International and National Visitor Survey	Quarterly	1 Quarter
	Department of Home Affairs: Student visa numbers	Monthly	Current
	Department of Education, Skills and Employment (DESE): Student fees	Biannual	9 months
	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
Construction	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
Insurance and pension services	APRA: Insurance, reinsurance and superannuation	Various	Up to 3 years
	ATO: Net foreign employment income	Annual	20 months
	ABS: International Trade in Goods	Monthly	1 month
	RBA: Foreign exchange rates	Quarterly	Current
	ABS: Financial Account	Quarterly	1 Quarter
Financial services	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
	ABS: Survey of International Investment	Quarterly	1 Quarter
Charges for the use of intellectual property n.i.e.	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
Telecommunication, computer and information services	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
Other business services	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
Personal, cultural and recreation services	ABS: Survey of International Trade in Services	Quarterly	1 Quarter
	DESE: Student fees	Biannual	9 months
Government services n.i.e.	ABS: Overseas Arrivals and Departures	Quarterly	1 Quarter
	Various Commonwealth, State and Territory data sources – covering e.g. embassy, diplomatic, peace keeping and defence activities abroad	Various	Various

Appendix B: International Trade publication schedule

Below is a summary table of the current international trade publications (left columns) and those that will be in place effective from January 2022 (right columns).

Table 2. Current and new - International Trade publications

Frequency	Current publications	Current Timing after end of reference period	Proposed publications effective from January 2022	Proposed Timing after end of reference period
Monthly	International Trade in Goods and Services, Australia Includes: • Merchandise (goods) trade and services trade, original and seasonally adjusted • Merchandise trade by: SITC (1, 2 and 3 digit); country; state and ANZSIC • Services trade by service type (limited selection).	5 weeks	International merchandise trade Includes: • Merchandise (goods) trade (merchandise trade basis) by: SITC (1, 2 and 3 digit); country and state Original data will be provided. Seasonally adjusted data may be available subject to the outcomes of consultation.	~3.5-4.5 weeks*
Quarterly	Balance of Payments and International Investment Position, Australia Includes: Current account: • Merchandise (goods) trade and services trade (original, seasonally adjusted etc) • Primary and secondary income Capital & financial account: • Acquisitions/ disposals • Direct investment • Portfolio investment • Financial derivatives • Other investment and reserve assets.	12 weeks	Balance of Payments and International Investment Position, Australia No proposed changes	12 weeks
Bi-annual	International Trade: Supplementary Information, Calendar Year Includes: • Detailed services by country and state, and education	5 months	International Trade: Supplementary Information, Calendar Year No proposed changes International Trade:	TBC

Frequency	Current publications	Current Timing after end of reference period	Proposed publications effective from January 2022	Proposed Timing after end of reference period
	related travel by education sector • Merchandise trade by selected countries			
	International Trade: Supplementary Information, Financial Year Includes: • Detailed services by country and state, and education related travel by education type • Merchandise trade by selected countries.		Supplementary Information, Financial Year No proposed changes	

*Exact content and timing subject to public consultation